



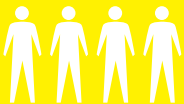
CUPE EMPLOYEES' PENSION PLAN REPORT TO MEMBERS

2013

MISSION STATEMENT

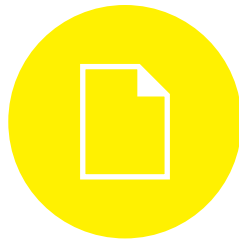
The Joint Board of Trustees (JBT) of the CUPE Employees' Pension Plan (CEPP) has adopted the following Mission Statement as a reflection of its overall mandate under the CEPP.

“Our Mission is to ensure the timely and accurate delivery of benefits to CEPP members and their beneficiaries in accordance with the CEPP terms and conditions by ensuring the proper funding and investment of the Pension Fund and the implementation of effective administrative procedures.”



www.cepp.ca

Ce rapport est aussi disponible en français



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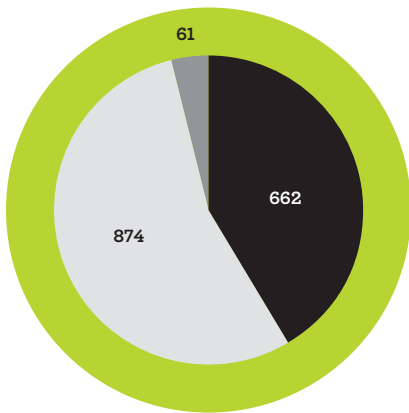
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Administration Team

AT A GLANCE

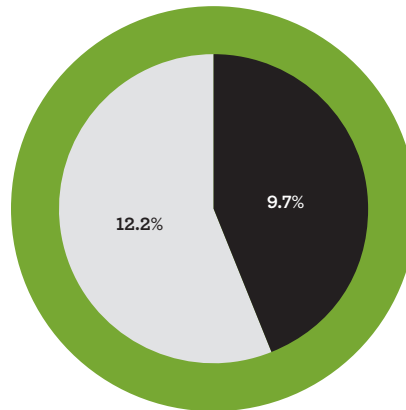
The CUPE Employees' Pension Plan (CEPP) is a contributory defined benefit plan which provides you with a guaranteed lifetime retirement benefit based on your number of years of credited service under the Plan (maximum 35 years) and your highest final average salary based on three non-overlapping continuous years of employment. Your base pension benefit is equal to 2% for each year of credited service and you may be entitled to a bridge benefit.

MEMBERSHIP ON JANUARY 1, 2014



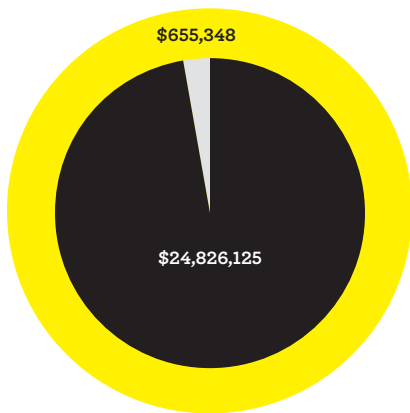
● Retiree	662
● Active	874
● Deferred	61
Total of 1,597 members	

2013 EMPLOYEE AND EMPLOYER CONTRIBUTIONS



● Employee	\$7,494,640
● Employer	\$9,475,148

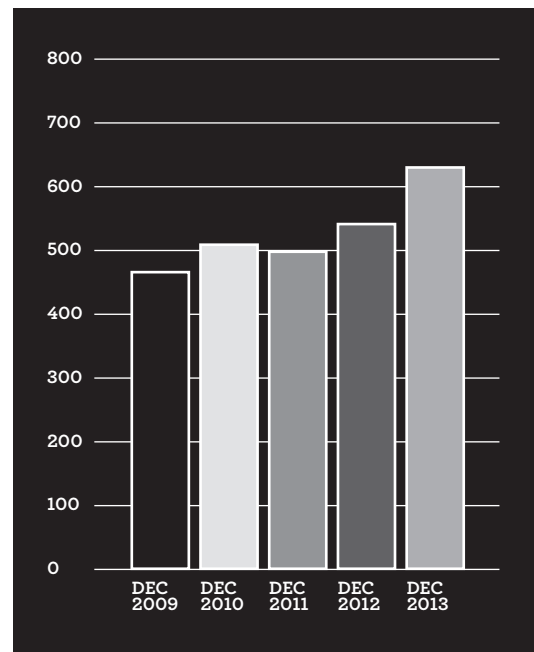
2013 BENEFITS PAYMENTS



- Retirees & Survivors Pensions
- Terminations from the Plan, Deaths & Marriage Breakdown Payments

In 2013 the CEPP paid a total of \$24,826,125 in monthly pensions; \$655,348 was also paid in terminations from the Plan, deaths and marriage breakdown pension benefits.

ASSET GROWTH (IN MILLION \$)



- December 2009 466,479,133
- December 2010 508,558,670
- December 2011 497,606,626
- December 2012 539,620,409
- December 2013 630,496,789

The above chart shows the evolution of net assets available for pension benefits from 2009 to 2013. The increase in plan assets in 2013 is a result of market performance with a gross rate of return of 18.59%.



TRUSTEES' MESSAGE

Beginning January 1, 2014, the CUPE Employees' Pension Plan (your pension plan) is now in its 17th year of joint trusteeship. The Plan has had some good years and not so good years in those 16 years. 2013 was a very good year. Overall we had a return of 18.59%. The total value of the Plan assets now stands at just over \$600 million dollars.

Interest rates continue to remain low and that has a negative effect on the pension liabilities the Plan faces. Pension plans face two measurements of a pension plan's ability to pay pension benefits.

First, is the going concern valuation. This valuation measures the total assets a plan has versus the total liabilities the plan faces. This measurement assumes that the pension plan will continue forever and that there will be no wind up or shutting down of the plan. For the CEPP, there is still good news on a going concern basis. The most recent draft valuation shows a surplus of almost \$95 million.

Second, is the solvency measurement required by provincial regulators for almost all pension plans. The difference between going concern and solvency is that instead of assuming that the plan is going to go on forever, the assumption is that the plan will cease and wind up on the date of the valuation. The various assumptions used by the actuaries to do this measurement are for the most part prescribed by regulation. However, a slight rise in interest rates and the good returns we had means that our solvency ratio is about 90% funded. This is 3% better than last year's solvency ratio.

The Trustees have advised the Settlers of the current solvency and going concern funding results and that we may need to make adjustments to the current methods and assumptions.

Cost of Living Adjustments

The Plan has not been able to pay cost of living adjustment this year. The rules set forth within the Plan text and by the Settlers are that we must be in a surplus position on a solvency basis before any payment can be made. Since there is a solvency deficit, no payment will be made.

Finally, we want to welcome all those new members in the CEPP and offer our condolences for those members we have lost.

Charles Fleury, Chair



Brian Edgecombe, Vice-Chair



MEMBER'S PROFILE





All data in the following tables is at January 1 of each year (as per actuarial valuation).

ACTIVE MEMBERS

	2014	2013
Total Active Members	874	870
Females	568	567
Males	306	303
Average Age	49.1	48.9
Average Salary	\$93,791	\$89,643
Average Current Service	11.9	11.7

DEFERRED MEMBERS

	2014	2013
Total Deferred Members	61	55
Average Age	45.5	45.7
Average Annual Pension Liability	\$4,764	\$4,548

RETIREES

	2014	2013
Total Retirees	662	627
Average Age	67.4	67.1
Average Annual Pension	\$38,580	\$38,508

RATIO OF ACTIVES/RETIREES

	2014	2013
Ratio of Actives/Retirees	1.3	1.4

A pension plan is considered to be a mature plan when the number of retirees is equal to the number of active members.

All data in the following tables is at December 31 of each year.

MEMBERSHIP CHANGES

	2013	2012
New Entrants	60	79
Deaths, Terminations, Vested & Deferred	13	9

The new members' average age is 41.3.

	2013	2012
New Retirees	42	43

The new retirees' average age is 58.9. The average age at retirement slightly decreased in 2013 and remains close to the "expected" average age at retirement.

In light of these numbers, the CEPP had an approximate net growth in active members of 0.46% in 2013.

FINANCIAL STATUS OF THE CEPP





AUDITED FINANCIAL STATEMENTS (AS AT DECEMBER 31, 2013)

An audit of the statement of financial position, statement of changes in net assets available for pension benefits and statement of changes in pension obligations must be carried out every year by an independent auditor.

At the end of the year, \$630,496,789 of net assets were available for pension benefits, representing a total increase of \$90,876,380 in year 2013. The CEPP Fund gross rate of return was 18.59%.

The Audited Financial Statements for the year ending on December 31, 2013 are available on the CEPP website.

INVESTMENT MANAGERS

The JBT used two firms to handle the bond and equity investments of the CEPP Fund. Each of the firms had a balanced mandate, which means that they were entitled to invest in equities, bonds and cash. We also used a specialized real estate investment manager.

The investment managers were:

- Guardian Capital LP (Guardian)
- Letko Brosseau & Associates Inc. (LB)
- Bentall Investment Management Ltd (Bentall)

INVESTMENT MANAGERS RESULTS

The JBT monitors the investment performance of the CEPP Fund and the investment managers.

The Fund as a whole increased by 18.59% in 2013. The investment return was larger than the average pension fund return in Canada.

The investment managers performance is measured on a moving four-year period and is expected to exceed by 1% the rate of return that would have been earned by the passive management of the balanced benchmark portfolio.

To obtain a copy of the last Statement of Investment Policies and Procedures (SIP&P) and more details regarding the investment policy visit the CEPP Web site.

On an individual basis:

LB ranked in the first quartile of the pension fund universe in all quarters. Their total performance for the year was 22.35%. The Value Added over 4-year moving average periods remains well above the SIP&P objective of +1%.

Guardian's total performance for the year was 13.42%. The annualized Value Added has been well above the +1% SIP&P objective in all quarters of the year.

Bentall is a real estate investment manager whose performance is compared to a real estate benchmark and is not evaluated in the same fashion as the balanced mandate investment managers. Their performance has been above the real estate benchmark in the first two quarters, slightly below in the third and well below in the fourth. Bentall's total performance for the year was 7.71%. The JBT continues to monitor the real estate mandate closely.

ACTUARIAL VALUATION REPORTS RESULTS

An actuarial valuation is conducted as at January 1 of each year to establish the financial position of the CEPP Fund. An actuarial valuation must be filed with the Financial Services Commission of Ontario (FSCO) and the Canada Revenue Agency (CRA) at least once every three years.

The following tables show the summary of results of the last undertaken actuarial valuation reports effective January 1, 2014 and the summary of results of the last filed actuarial valuation reports performed on January 1, 2011.

SOLVENCY VALUATION

A Solvency Valuation assumes that the plan is discontinued on the date of the valuation. It determines whether or not the present assets could cover the accrued benefits; as allowed by legislation, smoothing methods have been used to determine assets and liabilities.

	<i>Draft Not Filed Actuarial Valuation Report January 1, 2014*</i>	<i>Filed Actuarial Valuation Report January 1, 2011</i>
Assets (Market Value)	\$630,527,100	\$510,804,900
Liabilities (Market Value)		
Active	\$310,551,200	\$268,703,800
Deferred	\$4,467,200	\$3,164,900
Pensioners	\$335,795,200	\$260,322,600
Total Liabilities	\$650,813,600	\$532,191,300
Effect of using smoothing methods for the solvency valuation	\$ 49,159,500	\$ 8,691,100
Solvency Deficiency	(\$69,446,000)	(\$12,695,300)

FUNDING (GOING CONCERN) VALUATION

A Funding Valuation is an actuarial valuation prepared to determine whether or not the present assets of the pension plan would cover the accrued benefits of the plan, assuming the plan is a continuing pension plan. Smoothing methods have been used as allowed by legislation.

	<i>Draft Not Filed Actuarial Valuation Report January 1, 2014*</i>	<i>Filed Actuarial Valuation Report January 1, 2011</i>
Actuarial Value of Assets	\$584,664,700	\$503,258,000
Funding Liabilities		
Active	\$217,457,400	\$201,786,200
Deferred	\$3,663,700	\$2,527,200
Pensioners	\$268,138,200	\$221,107,000
Total Funding Liabilities	\$489,259,300	\$425,420,400
Funding Surplus	\$ 95,405,400	\$ 77,837,600

As you can see the solvency deficit and the funding surplus have increased since the last filed actuarial valuation report.

To obtain a copy of the last filed actuarial valuation report and more details on the actuarial process visit the CEPP Web site.

** The final results/final valuations may not be finalized before September 2014 and will likely be substantially different than these initial draft results.*





2013 PLAN AMENDMENTS

No amendments were made to the CEPP plan text in 2013.

PRE-RETIREMENT SEMINARS

Members of the CEPP who are 45 years of age or older and have at least five years of total credited service under the CEPP are eligible to attend a pre-retirement planning seminar.

The following topics are covered in the seminar:

- Psychological adaptation to retirement;
- Pension and benefit entitlements;
- Financial planning.

Two pre-retirement seminars were held in 2013: Vancouver and Toronto. In total, 43 members including spouses took part in these very worthwhile sessions.

To obtain a copy of the policy and more details on the pre-retirement seminar visit the CEPP Web site.

PRE-RETIREMENT COUNSELLING

As Plan members near retirement, the CEPP offers a one-on-one counselling session to review their pension benefits in retirement. This session is very informative and should be held within the last three years from an anticipated retirement date. In 2013, 41 CEPP members had their one-on-one counselling session.

To obtain a copy of the policy and more details on the counselling sessions visit the CEPP Web site.

2013 RETIREES

We congratulate the following Sisters and Brothers who retired in 2013 and wish them a long and healthy retirement.

Susan Barton, Suzanne Beaudry, Darcie Beggs, Brian Blakeley, Serge Boivin, Jim Costescu, Mary Cromwell, Line Deschamps, Martine Drapeau, Lilian Dykau, Wendy Forbes, Suzanne Germain, Lise Giroux, Maureen Giuliani, Lee-Anne Halifax, Alfred Hryciw, Diane Lacroix, Steven Laforest, Raymond Leclerc, Ida Lépine, Carol MacAskill, Marion Malazdrewich, Stanley Marshall, Johanne Martel, Jeannine McDonald, Karen McNama, Lillyan Niebuhr, Laurie Normandeau, Barry O'Neill, Sandra Oakley, Lawrence Power, Gisèle Reed, Gail Reisch, Shalom Schachter, Lise Simard, Elizabeth Smillie, Sylvie St-Jean, Thomas Steep, Robert Toop, Robert Wells, Donna Wright, Brian Yuill





THE JOINT BOARD OF TRUSTEES (JBT)

The CEPP is administered by a Joint Board of Trustees representing the Settlor unions, the retirees and the Canadian Union of Public Employees (CUPE).

JBT members on December 31, 2013 and their affiliations are listed below.

<i>Trustee</i>	<i>Affiliation</i>	<i>Province</i>
Marie-Andrée Bourgouin	CUPE Alternate Trustee	Ontario
Patty Brockman	CSU Alternate Trustee	Saskatchewan
Ian Clysdale	CSU Alternate Trustee	Ontario
Jim Costescu	CUPE Trustee	Ontario
Brian Edgecombe	COPE Trustee	Ontario
Charles Fleury	CUPE Trustee	Ontario
Tammy Greaves	CUPE Trustee	Ontario
Judy Henley	CUPE Alternate Trustee	Saskatchewan
Gary Johnson	Retiree Trustee	British Columbia
D'Arcy Lanovaz	CUPE Alternate Trustee	Alberta
Andy Mele	CSU Trustee	Ontario
Barry O'Neill	CUPE Trustee	British Columbia
Cathy Remus	CSU Trustee	Ontario
Barry Thorsteinson	Retiree Alternate Trustee	Ontario
Donna Wilde	COPE Alternate Trustee	Saskatchewan

Tom Graham, CUPE Alternate Trustee from Saskatchewan, served for a second time on the JBT from April 2009 to November 2013. We want to take this opportunity to thank him for his contribution to the CEPP.



ADMINISTRATION TEAM

<i>Name</i>	<i>Title</i>
Carole Lachance	Bilingual Administrative Assistant
Sylvie Ouellet	Assistant Administrative Agent
Louise Payette	Bilingual Administrative Assistant
Pierrette Perras	Administrative Agent
Sylvie Sanche	Bilingual Clerk Typist
M. Lyn Thrasher	Recording Secretary to the Joint Board of Trustees

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